

The Purchase Order Process

Introduction to Purchase Orders

In general, the purchase of all goods and services at the university requires the review and approval of Procurement Services (Procurement). The primary method by which procurement and payment is accomplished is the purchase order process.

Definition. A *purchase order* represents the university's offer to buy goods and services. The purchase order is a legally binding contract, with specific terms and conditions between the university and the vendor. When all parties have fulfilled the obligations outlined on the purchase order, the university will issue payment to the vendor.

Roles and Responsibilities. The system used to initiate, approve and track a purchase order at the university is the Quali Financial System (KFS). The basic purchase order process is as follows: Unit/BSC creates requisition (REQS) → requisition reviewed/approved by Procurement → PO issued to vendor → Vendor fills order and sends invoice to Cornell → Cornell issues payment (check or ACH) to vendor.

Obtaining Access to KFS

Access to the requisition in KFS is managed by the BSCs. If you need to purchase something that is not in e-SHOP then [contact your BSC](#). To get access to e-SHOP, please [contact your BSC](#). Typically, units submit their requests for purchases of goods and services to the BSC via an I Want Doc, email, or center's form, and then the BSC initiates the order in KFS.

Bid limits

For purchases under \$25,000, the unit will select the vendor of their choice or preferred vendor if one is available for the required goods and services. When not utilizing a preferred vendor, the unit is encouraged to solicit competitive quotes. In addition, the [Purchases with Special Procedures](#) section of this manual should be consulted to ensure that the unit is aware of all requirements related to the good or service being ordered.

The university's bid limit is \$25,000. This is the dollar amount at which Procurement will undertake a formal bid process prior to the issuance of a purchase order. See [Section 402, Bid Solicitation and Exemptions](#) for the limited instances under which Procurement Services may exempt an order over \$25,000 from requiring a bid.

Large dollar orders require additional Procurement Services' management approvals. The following are the dollar levels when additional approvals are required:

- Up to \$25,000 Procurement Associate
- Less than \$100,000 Procurement Agent
- Less than \$1,000,000 Senior Director, Procurement Services
- Over \$1,000,000 less than \$5 Million VP, Division of Financial Services
- \$5 Million and over Board of Trustees

Types of Purchase Orders

Generally, there are two types of purchase orders (PO) – recurring and standard.

A *recurring order* is placed when there is a repeated need for expendable supply items and/or services such as maintenance agreements, rental charges and leases. Recurring orders are issued with control parameters, such as a total dollar amount not to exceed, a specific time period for which the order is valid, e.g., one-year, estimated quantities, and estimated items. If a vendor is available in e-SHOP, then do not use a recurring order, place the order through e-SHOP.

Buying Manual

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A *standard PO* is used when all items to be purchased are identified and listed when the order is sent to the vendor. Once the ordered goods and services have been received, the vendor invoices Cornell, and payment is made. There are four distinctions among standard POs:

1. e-SHOP orders - orders under \$2,500 are automatically sent to vendor; orders greater than or equal to \$2,500 are routed for required approvals before being sent to the vendor. Starting a requisition in e-SHOP is simpler and requires less manual data entry and ensures contract pricing.
2. Automatic Purchase Orders (APOs) – orders for less than or equal to \$25,000 are routed to the unit's Fiscal Officer (FO) for approval. An APO may not be utilized with new vendors, vendors on hold, or for commodities that require review by a procurement agent.
3. Purchase Orders greater than \$25,000 – these orders are routed to Procurement for review and approval. Preferred vendors may have a higher APO limit. Please review the Buying Manual section on Bid Solicitation and Exemptions.
4. New York State Purchase Orders – these orders are processed through the SUNY procurement system. Please review the topics under [New York State Procurement](#) for further details on orders utilizing New York State Appropriated funds.